

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Lineage Grow Company Ltd. (the "Issuer").

Trading Symbol: BUDD

Number of Outstanding Listed Securities: 75,643,484

Date: February 28, 2019

#### Report on Business

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**In a press release dated February 11, 2019, Lineage Grow Company Ltd. ("Lineage" or the "Company") announced that it had entered into a definitive merger agreement (the "Definitive Agreement") with FLRish, Inc. d/b/a Harborside ("Harborside"), which, subject to certain conditions and the Canadian Securities Exchange (the "CSE") approval, will result in the reverse takeover ("RTO") of Lineage by Harborside (see Question 5 for details).**

2. Provide a general overview and discussion of the activities of management.

**Since obtaining the listing on the CSE in March 2018, management has secured agreements to acquire interests in cannabis cultivation and retail assets in the states of California and Oregon.**

**In March 2018, the Company entered into a LOI to acquire a 100% interest in Altai Partners ("Altai"), a limited liability company operating out of California. Altai is to acquire a minimum of 45% ownership interest in LUX, which is one of only 16 licensed dispensaries operating in San Jose. In April 2018, concurrent to its agreement acquiring a 45% ownership interest in LUX, Altai entered into an additional agreement to acquire the remaining 55% ownership interest in LUX. Upon completion of the Altai Acquisition, Lineage will hold a 100% ownership interest in LUX. LUX is a grassroots, community-based dispensary that offers support and alternative health resources to patients facing health challenges, and which provides a local, affordable, and safe environment to dispense medical marijuana.**

**In June 2018, the Company entered into the Agreement to acquire California-based Walnut Oaks, LLC d/b/a Agris Farms ("Agris Farms"). Agris Farms operates a fully-licensed and fully-operational 43,500 sq. ft.**

greenhouse cannabis cultivation facility in Yolo County, California. The Yolo Grow is in commercial production with annual production capacity of 6,000 lbs. of premium quality craft cannabis.

In August 2018, the Company entered into the Agreement with Harborside, where the RTO Transaction – when completed – will constitute a “fundamental change” under the policies of the CSE.

In September 2018, the Company closed the Terpene Station Acquisition of two dispensaries in Oregon that are currently serving the cannabis retail market in two of the largest markets in Portland and Eugene, operating under the Terpene Station brand. With the Terpene Station dispensaries under its belt, Lineage will deploy an integration and performance improvement plan to maximize value using best-in-class operating procedures and marketing strategies.

In November 2018, the Company executed the Agris Agreement to complete the Agris Farms Acquisition, pursuant to which Lineage would acquire a 100% ownership interest in Agris Farms facility. The Agris Farms Acquisition is directly aligned with the strategic framework that Lineage had outlined to shareholders, as it is one of California’s premium quality low-cost producers.

In February 2019, the Company entered into the Definitive Agreement with Harborside. Lineage as the resulting issuer on completion of the RTO will seek a listing of the Subordinate Voting Shares on the CSE. Completion of the RTO and the Merger is subject to a number of conditions, including but not limited to the following:

- Conditional approval of the CSE of the RTO and the listing of the Subordinate Voting Shares;
- Approval of Lineage shareholders of the RTO and related matters;
- Completion of a minimum of C\$10 million in the Concurrent Financing; and
- Completion of the RTO and Merger on or prior to April 30, 2019.

Lineage had filed an application to the CSE to approve the Transaction. and for the Resulting Issuer to continue trading on the CSE. Lineage will be calling a special meeting of shareholders to approve the Transaction and related matters and will be filing a management information circular containing disclosure on Harborside, Lineage, the Resulting Issuer and the Transaction which will be provided to the Lineage shareholders prior to the shareholders' meeting.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**None noted.**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**None noted.**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**On February 7, 2019, the Company had entered into the Definitive Agreement with Harborside.**

**The RTO is currently structured as a three-cornered merger (the "Merger"), whereby Harborside will merge with a newly incorporated company under the laws of Delaware (a wholly-owned subsidiary of Lineage) to form a merged corporation ("Amalco"). Immediately prior to the Merger taking effect, Lineage will consolidate its outstanding common shares on the basis of 41.82 common shares into one (1) new common share (the "Consolidation", reclassify the post-Consolidation Lineage common shares as subordinate voting shares (the "Subordinate Voting Shares"), and create a new class of multiple voting shares (the "Multiple Voting Shares"). On closing of the RTO and the Merger taking effect, the holders of Harborside's shares will receive either a combination of Multiple Voting Shares and Subordinate Voting Shares, or Subordinate Voting Shares, for each Harborside share outstanding, and Amalco will become a wholly-owned subsidiary of Lineage.**

**Subject to the terms and conditions of the Definitive Agreement, upon closing of the RTO and the Merger:**

- (i) Each Harborside class A common share shall be converted into the right to receive (A) 0.05 Multiple Voting Shares and (B) 0.25 Subordinate Voting Shares;**
- (ii) Each Harborside class B common share shall be converted into the right to receive (A) 0.05 Multiple Voting Shares and (B) 0.25 Subordinate Voting Shares;**

- (iii) **Each Harborside class C common share shall be converted into the right to receive 0.0667 Multiple Voting Shares;**
  - (iv) **Each Harborside class D common share shall be converted into the right to receive one (1) Subordinate Voting Shares.**
  
- 6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.  
**None noted.**
  
- 7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.  
**None noted.**
  
- 8. Describe the acquisition of new customers or loss of customers.  
**None noted.**
  
- 9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.  
**None noted.**
  
- 10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.  
**None noted.**
  
- 11. Report on any labour disputes and resolutions of those disputes if applicable.  
**None noted.**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**None noted.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**None noted.**

14. Provide details of any securities issued and options or warrants granted.

**No securities were issued during the current month.**

15. Provide details of any loans to or by Related Persons.

**None noted.**

16. Provide details of any changes in directors, officers or committee members.

**None noted.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**Lineage is targeting legalized cannabis markets across multiple jurisdictions in the US and Canada and is seeking to deploy best practices in cultivation and retail management to drive performance across the Company's asset base. The Company is looking to establish a presence in the US retail markets through acquisitions and strategic partnerships, and is also monitoring developments as a result of new cannabis regulations that came into effect in California on January 1, 2018.**

**On March 22, 2018, the House of Representatives and Senate voted in favour of approving the Consolidated Appropriations Act, 2018 ("Omnibus Spending Bill" or the "Bill"), which extended the Rohrabacher-Leahy Amendment ("Rohrabacher-Leahy") until the end of September 2018. With the Bill's approval comes an extension of Rohrabacher-Leahy Amendment until September 2018, which prevents the US Department of Justice (the "DOJ") from using federal funds in enforcing federal law relating to medical cannabis, which effectively allows states to implement their own laws that authorize the use, distribution, possession, or cultivation of medical marijuana. Lineage commends this development and welcomes the**

opportunity to roll out its corporate strategy in a more certain legal environment.

On April 13, 2018, the Washington Post reported that President Trump and Colorado Sen. Cory Gardner reached an understanding that the marijuana industry in Colorado will not be the subject of interference from the federal government and that the DOJ's recession of the Cole memo will not impact Colorado's legal marijuana industry. Lineage is pleased to see reports that President Trump has promised top Senate Republicans that he will support congressional efforts to protect states that have legalized marijuana.

On November 7, 2018, Attorney General Jeff Sessions resigned after the US Mid-Term Elections, both of which would potentially impact the US cannabis industry. From the Mid-Term Elections, US voters delivered a split verdict for Congress, as the Democrats secured a majority in the House of Representatives (the "House") while the Republicans expanded their majority in the Senate. With the Democrats taking back control of the House, it may prove to be a catalyst for the sector to reinforce the notion that cannabis in the US has the tipping point on its way to eventual full legal status. While pro-cannabis legislation would still require passing the Senate and the Executive Branch, the path to legalization seems to have opened up with Mr. Sessions's departure. With divided congressional power, there will be opportunity for bi-partisanship on a number of issues including the Strengthening the Tenth Amendment Through Entrusting States Act, S. 3032 ("STATES Act"), which would protect individuals working in cannabis sectors from federal prosecution. The STATES Act was introduced in June 2018 through bi-partisan efforts initiated by Senator Gardner together with Massachusetts Senator Elizabeth Warren. Senator Warren won re-election which ensures she will push the change to federal law regarding cannabis. In addition, constituents of Michigan voted to legalize recreational marijuana, making Michigan the first state in the Midwest to do so and the 10<sup>th</sup> in the US overall demonstrating growing sentiment amongst Americans towards legalization. Voters in Missouri and Utah approved ballot measures legalizing cannabis for medical use, making their states the 31<sup>st</sup> and 32<sup>nd</sup> to do so.

However, there is no guarantee that the current presidential administration will not change its stated policy regarding the low-priority enforcement of US federal laws that conflict with State laws. Additionally, any new US federal government administration that follows could change this policy and decide to enforce the US federal law vigorously. As such, the Company will remain cautious in its approach in spite of these uncertainties.

Lineage's business involves certain risks and uncertainties that are inherent to the Company's industry. Please refer to the "Risk Factors" section of the Management's Discussion and Analysis filed quarterly on SEDAR.

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: March 6, 2019.

Peter Bilodeau  
Name of Director or Senior  
Officer

"Peter Bilodeau"  
Signature  
Chief Executive Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer Lineage Grow Company Ltd.	For Month End February 28, 2019	Date of Report YY/MM/DD 19/03/06
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